
SENATE BILL No. 167

DIGEST OF INTRODUCED BILL

Citations Affected: IC 32-8-11-9.5.

Synopsis: Mortgage substitution and priority. Provides that any mortgage that is used to discharge another mortgage shall be substituted for the discharged mortgage and has the status and priority of the discharged mortgage to the extent of the dollar amount of the proceeds used to pay off the discharged mortgage. Exempts mechanic's liens that are recorded before the recording of a new mortgage. Specifies that the provisions of this act do not give a mortgage priority over a tax lien.

Effective: July 1, 2002.

Paul

January 7, 2002, read first time and referred to Committee on Insurance and Financial Institutions.

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PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

SENATE BILL No. 167

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 32-8-11-9.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2002]: **Sec. 9.5. (a) This section applies only to a mortgage**
4 **refinancing transaction and does not apply to an initial mortgage**
5 **transaction primarily involving the securing of purchase money.**

6 **(b) If the proceeds of a new mortgage are used to discharge a**
7 **existing mortgage, the priority of the discharged mortgage is**
8 **substituted for the priority of the new mortgage, and the new**
9 **mortgage has the status and priority of the discharged mortgage**
10 **up to the dollar amount of the proceeds used to pay off the**
11 **discharged mortgage.**

12 **(c) This section does not apply to a mechanic's lien that is**
13 **recorded before the recording of the new mortgage.**

14 **(d) This section does not give a mortgage priority over a lien for**
15 **taxes or special assessments that attach to the mortgaged property.**

16 SECTION 2. [EFFECTIVE JULY 1, 2002] **(a) Except as provided**
17 **in subsection (b), IC 32-8-11-9.5, as added by this act, applies to a**



- 1 mortgage that is:
2 (1) entered into after June 30, 2002; and
3 (2) used to discharge another mortgage that is entered into
4 after June 30, 2002.
5 (b) IC 32-8-11-9.5, as added by this act, also applies to a
6 mortgage that is entered into after June 30, 2002, and that is used
7 to discharge another mortgage that was entered into before July 1,
8 2002, if there is no other mortgage relating to the same property
9 that was entered into:
10 (1) before July 1, 2002; and
11 (2) after the mortgage being discharged was entered into.

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